



May 15, 2006

Mr. Darryl Francois
Department of Energy
Section 1813 ROW Study
Office of Indian Energy and Economic Development
1849 C St., NW
Mail Stop 2749-MIB
Washington, DC 20240

Dear Mr. Francois:

*Re: Comments of Questar Southern Trails Pipeline Company on
Section 1813 of the 2005 Energy Bill*

Questar Southern Trails Pipeline Company (QST) appreciates the opportunity to comment on and participate in the joint DOI/DOE Section 1813 study. QST is a wholly owned subsidiary of Questar Pipeline Company.

QST purchased the Four Corners Pipeline Line 90 System from Atlantic Richfield Company (ARCO) in November 1998. The Four Corners Pipeline was originally constructed and placed into service in 1957 by a consortium of oil companies led by Shell Oil.

The pipeline originated in the Four Corners area of Utah, Colorado, Arizona and New Mexico and transported crude oil to refineries in Long Beach, California. In 1977, ARCO acquired 100 percent of the Four Corners Pipeline assets and reconfigured the line to transport excess Alaskan North Slope crude oil to other pipelines for delivery to Texas Gulf Coast refineries.

QST purchased the Four Corners Pipeline from ARCO in 1998 to convert the pipeline to transport natural gas. In 2002, QST completed the conversion of 490 miles of existing 16-inch and 12-inch diameter pipeline, including the construction of a new 42 mile, 20-inch diameter pipeline extension to Bloomfield, New Mexico, and the construction of four new compressor stations.

QST currently provides 80 MMcf/d of transportation service to Southern California Gas Company at North Needles, California and PG&E at Essex, California (East Zone). QST's pipeline segment from Essex to Long Beach, California (West Zone) is not yet in service. QST's East Zone is regulated by the Federal Energy Regulatory Commission (FERC).

Before QST could transport natural gas through the East Zone, it had to negotiate a new right-of-way (ROW) agreement with the Hopi Tribe, whose reservation the pipeline crossed and with whom the previous ROW had expired. Based on QST's experience in working with the Hopi Tribe on ROW issues concerning its East Zone pipeline, QST offers the comments set out below. QST's comments are intended to be responsive to the DOI/DOE study and its opportunity for industry comments.

Hopi-Initial ROW Negotiation

The ROW agreement with the Hopi was negotiated with the Tribe in 2002. The pipeline covers 16.5 miles or approximately 5,280 rods on the Hopi reservation in Arizona. The ROW is for 20 years with an option to renew the agreement. The Questar/Hopi negotiations focused on factors relevant to the Hopi Tribe and its reservation and upon relevant economics. The negotiations occurred in a professional businesslike manner and were completed in about six months.

Hopi-Request for ROW Reduction

When QST informed the Hopi Tribe in 2005 that the pipeline was not performing up to the financial expectations of Southern Trails as originally projected at the time of the 2002 negotiations, the Hopi Tribe responded with an offer to work with QST to improve the financial condition of the pipeline. As a first step, the Hopi Tribe requested QST present financial and operating information to it that detailed the financial performance of the pipeline. The Hopi Tribe proceeded to conduct an independent analysis of the relevant market conditions and overall pipeline economics. The Hopi Tribe's representatives in this analysis contacted QST on a number of occasions to verify and discuss the issues as necessary in formulating a Hopi view of changed economic circumstances. All such exchanges between QST occurred in a cooperative and businesslike manner aimed at arriving at an accurate picture of the pipeline's economic situation and reaching consensus on possible solutions. All of this occurred in a cordial arms-length exchange as one would expect in the general business world.

Upon reviewing the information provided by QST and drawing preliminary conclusions from the data exchange and the Hopi Tribe's independent analysis, the Hopi Tribe requested that QST meet with the Hopi Tribal Council, the Tribe's governing body and there QST top level management was given the opportunity to present the pipeline's request for a reduction in the pipeline's ROW payments in keeping with changed economic circumstances. The Tribal Council immediately considered the pipeline's request and in the same meeting voted to authorize the Hopi Tribal Council's Energy Team, a Sub-committee of the Tribal Council, to negotiate a reduction in the pipeline's ROW payments. The negotiations to reduce Southern Trails ROW payments were given a priority position on the Energy Team's agenda and were completed in less than two months.

At all times the Hopi Tribal Council and representatives of the Hopi Tribe were respectful of Southern Trails and pursued our mutual objectives concerning the pipeline in a businesslike fashion. The Chairman of the Hopi Tribe has repeatedly stated that the Hopi Tribe viewed QST as a partner and that as partners in a mutually beneficial economic venture, the Tribe and QST needed to work together to improve the financial condition of the pipeline. The willingness of the Hopi Tribe to help QST is an example of an Indian Tribe's commitment to work with natural gas pipelines in a manner reflective of the realities of changing markets and economic conditions in order to maintain a mutually beneficial economic relationship.

QST believes that the experience with Indian Tribes across the Country is probably as varied as the unique circumstance of each individual Indian Reservation and that it is probably difficult and inappropriate to generalize about right-of-ways across all of Indian Country. The Hopi Tribe is fully capable of negotiating ROW agreements in arms length transactions with energy companies on terms that are fair and reflective of local circumstances, market conditions and overall economics. In QST negotiations with the Hopi Tribe, the Tribe was careful to gather information and data about the issues at hand and to base its conclusions on informed judgments derived from sound analysis. In addition, the Tribe has demonstrated a willingness to respond to changing circumstances and economics and to make adjustments when necessary. We have observed that when Tribes like the Hopi are treated like true business partners they tend to respond as partners should respond. Such business like behavior on the part of the Tribe should be encouraged and facilitated.

QST Recommendations to the DOI/DOE Study

QST does not recommend or support a change in the sovereign immunity of Indian Tribes.

Questar Southern Trails Pipeline appreciates the opportunity to submit these comments and is available to answer questions about our submitted comments. Please contact Mr. Ned Greenwood at 801.324.2713 or his email address ned.greenwood@questar.com.

Sincerely,

A handwritten signature in cursive script that reads "R. Allan Bradley" followed by a small flourish.

R. Allan Bradley
President & Chief Executive Officer